

Technology Services Board



Meeting
January 16, 2007
10:00 a.m. - Noon

P.K. Agarwal, Director



Agenda

Call to Order

Approve September 27, 2006 Minutes

Chairman's Report

Financial Report

Services Committee Report

Director's Report

Miscellaneous Non-Discussion Items

New Agenda Items

Public Comment



Approve September 27, 2006 Meeting Minutes



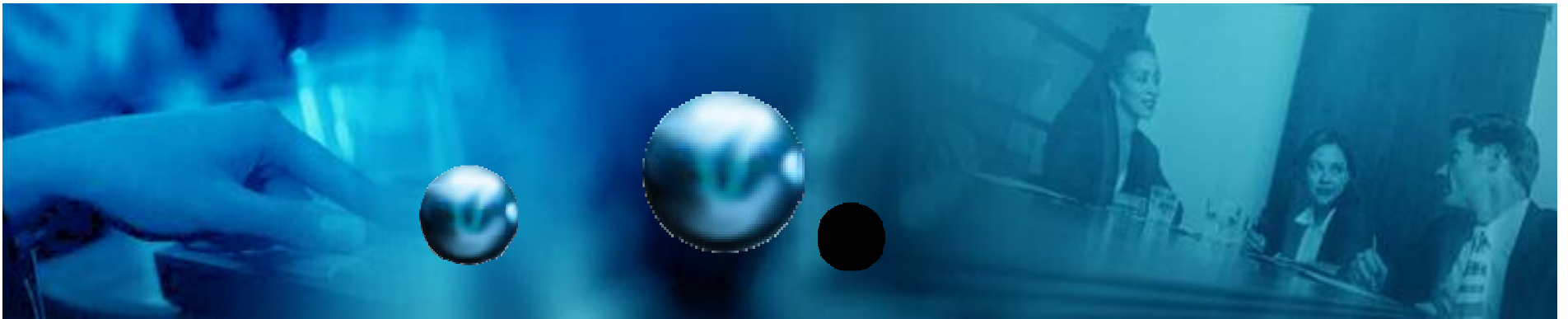


Chairman's Report

Clark Kelso
Chief Information Officer



Financial Report





Budget Update

DEPARTMENT OF TECHNOLOGY SERVICES

	FY 2006/07		FY 2007/08	
Personal Services	\$	72,373	\$	73,062
Operational Exp/Equip	\$	163,339	\$	186,737
TOTAL	\$	235,712	\$	259,799
Positions		765.0		767.8



Budget Update

DEPARTMENT OF TECHNOLOGY SERVICES

	Description	Augmentation
BCP #1	Mainframe CPU Processing Capacity	\$ 4,498,000
BCP #2	Data Storage Capacity	\$ 5,352,000
BCP #3	Midrange Server Capacity	\$ 11,106,000
BCP #4	Network Workload Growth	\$ 3,867,000
	Prior Year Project Adjustments	\$ (9,314,000)
TOTAL		\$ 15,509,000

Services Committee Report





Services Committee

December 20, 2006 Meeting Minutes



Rate Development Methodology





Rate Development Methodology

Objectives

- Establish formal methodology for rate setting as required by statute
- Establish process for temporary subsidization



Rate Development Methodology

$$\text{Rate per Billable Unit} = \frac{\text{Cost of Service}}{\text{Volume of Billable Units}}$$

Three methods for rate development

- Historical/Trend Forecast – Experience Based
- Billable Unit – Cost per Unit
- Service – Cost of Service/Volume



Rate Development Methodology

Guiding Principles for Temporary Subsidization

- Document policy objective
- Define transition period
- Actively manage
- Realign rates with costs at the end of the transition period
- Identify business assumptions





Service Development Methodology





Service Development Methodology

Objectives

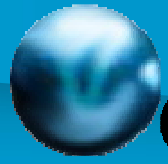
- Provide consistent process
- Increase stakeholder involvement
- Decrease time-to-market
- Provide a foundation for streamlining budget/IT procurement authority



Service Development Methodology

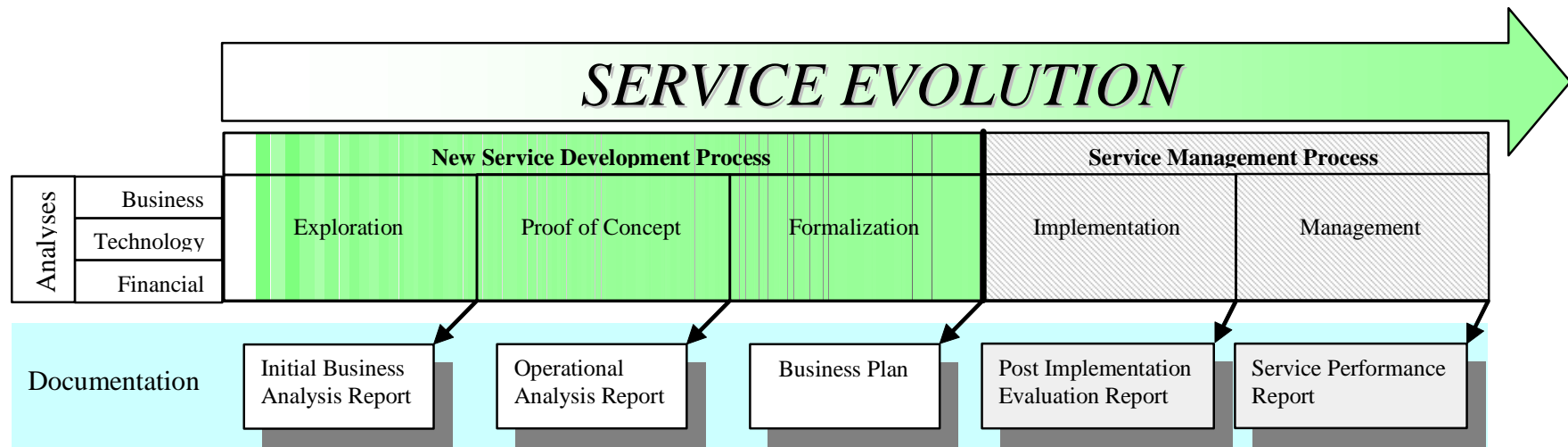
Three Areas of Analysis

- Business
- Technology
- Financial



Service Development Methodology

Phased Approach





Mid-Year Rate Package





Mid-Year Rate Package

Objectives

- Recover costs accurately
- Create uniformity across data centers
- Simplify rates



Mid-Year Rate Package

Three Rate Adjustments

- July 1, 2006 – Net \$16.3m reduction
- Mid-Year – Net \$26.7m reduction
- Next – July 1, 2007



Mid-Year Rate Package

This Rate Package

Mainframe – 25% Rate Reduction

- \$1,392/hr → \$1,044/hr
- Trend based
- Retroactive to July 1, 2006

Network

- Simplified and uniform
- Recover additional \$3.4 million (Base \$33 million)
- Effective July 1, 2007

Other Miscellaneous Rates





Mid-Year Rate Package

Network Cost Trends (+3.4 Million)

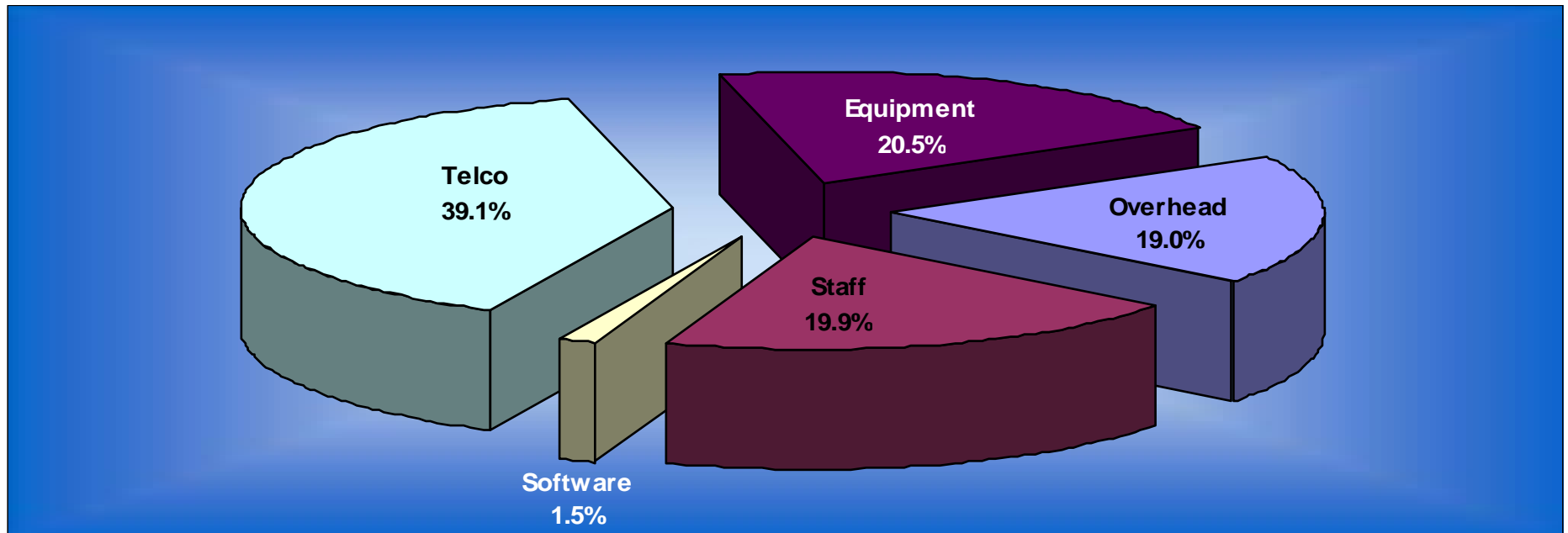
Network Equipment Refresh	62%
Network Management Tools	14%
Enhanced Security	24%
	<hr/>
	100%





Mid-Year Rate Package

Distribution of Network Costs





Mid-Year Rate Package

Customer Impact

Top 10 Net Decreases

• DSS-CWS	\$7.3 m
• DCSS	\$5.0 m
• DHS	\$4.3 m
• EDD	\$2.3 m
• BOE	\$1.9 m
• DMV	\$1.5 m
• CALSTRS	\$1.4 m
• DOR	\$0.8 m
• SCO	\$0.7 m
• DOF	\$0.6 m

Top 10 Net Increases

• DFG	\$594 K
• DPR	\$336 K
• SOS	\$313 K
• ABC	\$301 K
• DSS – SFIS	\$287 K
• DOI	\$195 K
• GO	\$188 K
• CDCR	\$154 K
• CDF	\$137 K
• CSU	\$114 K





Mid-Year Rate Package

Next Steps

- Notify negatively impacted departments
- Work to reduce the impact
 - DOF
 - Technical solutions
 - CALNET II
 - Equipment buyback
- Benchmarking





Statement of Work for Benchmarking DTS Network Costs/Rates

Compare DTS network costs, rates and performance to comparable service providers

Statement of Work

- **Establish DTS baseline data**
- **Collect comparables from service providers**
- **Perform analysis**
- **Develop recommendations and identify best practices**





Statement of Work For a Shared Services Plan

Shared Services

- Financial benefits
- Comes with challenges
- State needs a plan

Statement of Work

- Identification and prioritization
- Financial and program benefits
- Challenges and mitigation strategies
- Statutory and policy issues
- Timelines and resources





Director's Report

CALNET II Update

Statewide Email Update



CALNET II Update

Four Modules

- Traditional Voice and Data Services
- Long Distance and Network-Based Services
- Internet Protocol Services
- Broadband Fixed Wireless Access Services



CALNET II Update

Savings over CALNET I

- About 10% Overall

Key Milestones

- End of January 2007 – Contracts signed
- February/March 2007 – Customer information dissemination
- March/April 2007 – Transition begins





Development of State Telecommunications Strategy

Two Critical Inputs

- USC Vision Report
- ITC Telecommunications Committee

Strategic Executive Briefings

- Business executives and IT/telecomm leadership
- Provided by CALNET II partners
- Other industry experts





Development of State Telecommunications Strategy

Telecommunications Strategy Planning Summit – March/April 2007

- 3 to 5 year plan
- A cross section of state departments and CALNET II partners





Statewide Email Update

CA
.mail





Statewide Email Update

Proposed Rates

- Basic Mail Box = \$6.00
- Storage = \$17.00 per GB used
- Blackberry = \$2.38 per user/per month (unchanged)
- SMTP relay = \$10.39 per user/per month (unchanged)
- Migration services = pass through actual costs, spread up to 24 months

Basic Assumptions

- 45,000 mail boxes by June 2009
- Improved quality and reliability of email services





Statewide Email Update

Where are we now?

- 5,300 mail boxes migrated to statewide email environment
- EDD migration planning is occurring – 8,900 mail boxes
- Planning underway with CDCR – 20,000 mail boxes
- OSI migration – 3,800 mail boxes
- Interest expressed – 5,500 mail boxes





Statewide Email Update

Risks

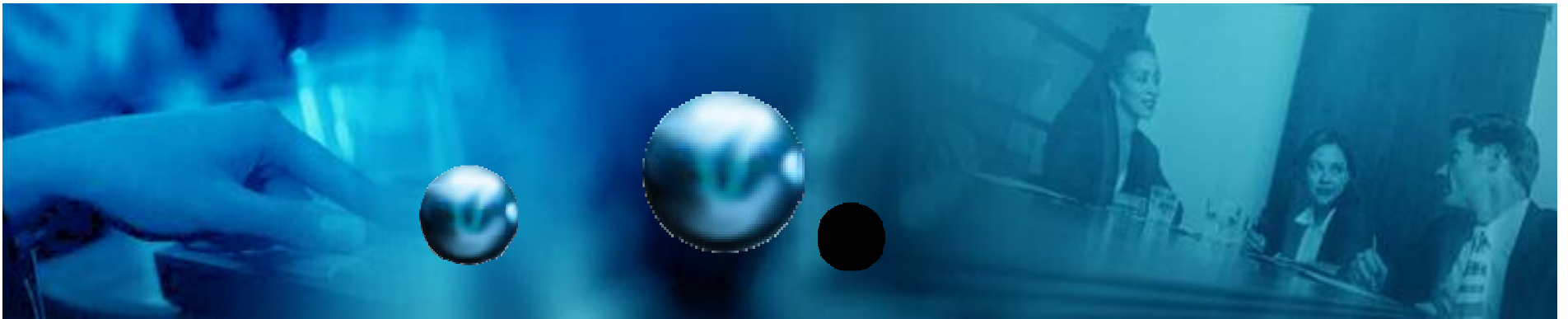
- If CDCR does not migrate, DTS will need to bring in an equivalent number of mail boxes
- Projected rates are based on 45,000 mail boxes

Futures

- Work with customers to define requirements for archiving, encryption, e-discovery and HIPPA
- Operational Recovery and Failover



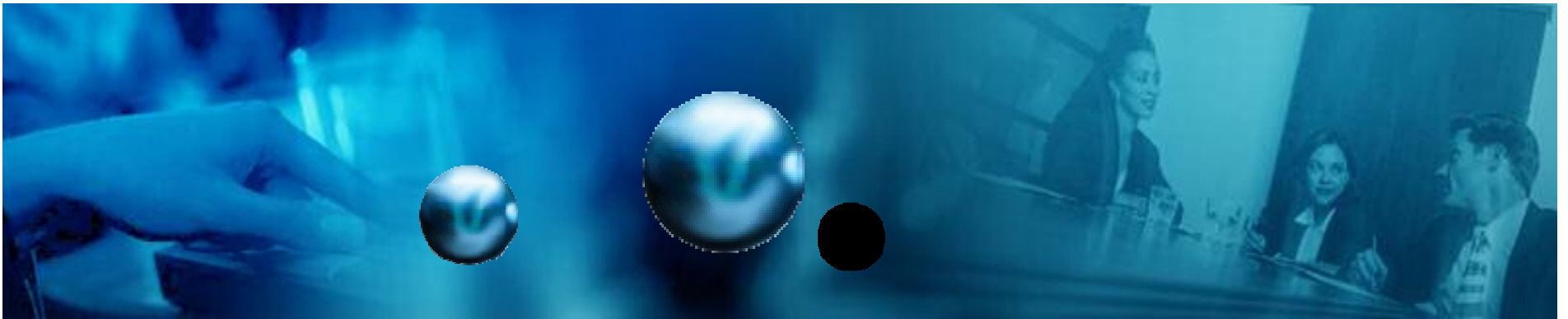
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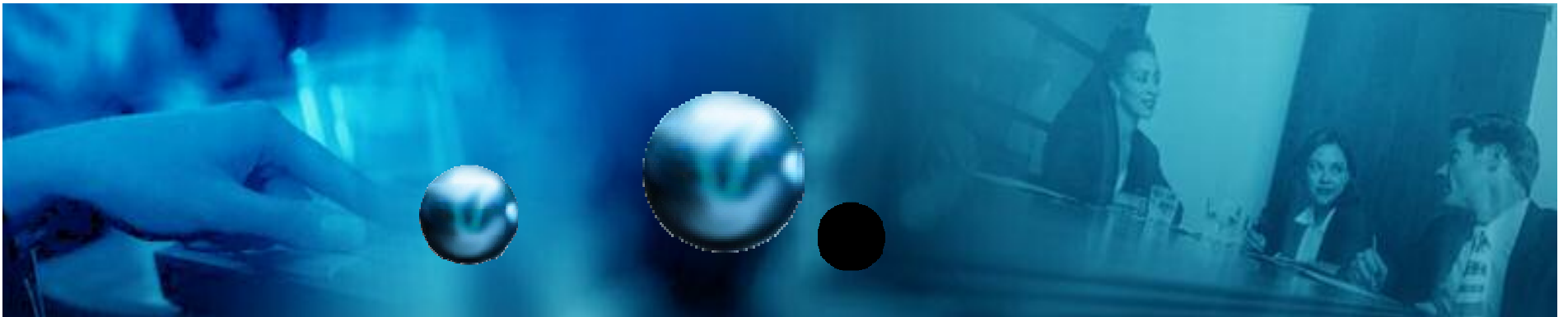
New Agenda Items



Public Comments



Meeting Adjournment



Next Meeting
March 21, 2007